

GOLDLUND MINES LIMITED

Thirty-Second Annual Report



For the Year Ending September 30th, 1981

GOLDLUND MINES LIMITED

Annual Report

For the fiscal year ended September 30, 1981

Authorized Capital — 10,000,000 shares without Par Value
Issued Capital — 8,844,807 shares without Par Value
Incorporated under the Laws of Ontario

OFFICERS

P.C. FINLAY, Q.C. Chairman
H.H. McGARRY, M.D. President
D.W. KEENLEYSIDE, M.D. Vice-President
ALEXANDRA CAMPBELL Secretary-Treasurer

DIRECTORS

Managing
director L.A. BEDNARZ, P.Eng. Willowdale, Ontario
F.A. CAMPBELL, Ph.D. Calgary, Alberta
JOHN CAMPBELL Fort Erie, Ontario
P.C. FINLAY, Q.C. Toronto, Ontario
D.E. GRYN St. Catharines, Ontario
ROY F. HARDWICKE Niagara Falls, Ontario
D.W. KEENLEYSIDE, M.D. Kingston, Ontario
J.K. McCULLOUGH, D.D.S. Niagara Falls, Ontario
G.R. McGARRY Niagara Falls, Ontario
H.H. McGARRY, M.D. Niagara Falls, Ontario
E.D. WRIGHT, C.A. Toronto, Ontario

TRANSFER AGENT AND REGISTRAR CANADA PERMANENT TRUST COMPANY

Yonge-Eglinton Centre
20 Eglinton Avenue West
Toronto, Ontario
M4R 2E2

SOLICITORS HOLDEN, MURDOCH & FINLAY

P.O. Box 80
6100 First Canadian Place
Toronto, Ontario
M5X 1B1

AUDITORS THORNE RIDDELL

Toronto, Ontario

HEAD OFFICE

P.O. Box 80
6100 First Canadian Place
Toronto, Ontario
M5X 1B1

GOLDLUND MINES LIMITED

Directors' Report

TO THE SHAREHOLDERS:

Your Directors submit herewith the Financial Statements of your Corporation for the fiscal year ended September 30, 1981, consisting of the Balance Sheet as of September 30, 1981, Auditors' Report, Statement of Exploration and Administrative Expenditures Deferred, Statement of Deficit and Statement of Changes in Financial Position for the year then ended.

We are also submitting, on behalf of your Directors, the following Interim Report for the Three Months ended December 31, 1981, consisting of Statement of Income and Expenditure and Statement of Changes in Financial Position with comparative figures for the same period in 1980. The Marketable and Non-Marketable Securities held as of December 31, 1981, are also listed in this Report. Because of the number of marketable shares involved the amount that could be realized if the securities were sold may be more or less than the quoted market value. Your Corporation has approximately \$550,000.00 on hand at the present time.

Also enclosed is the Notice of the Annual Meeting of Shareholders to be held on March 31, 1982, Information Circular and form of Proxy. We would appreciate it if you would sign and return to us the enclosed form of Proxy.

Failures in the delivery of equipment on scheduled time and excessive cold weather have impeded the construction of the mill and ancillary facilities. We are hopeful that the concentrating portion of the circuit will be operating in mid-April which will mean concentrate can be sold until the cyanide portion of the circuit is completed.

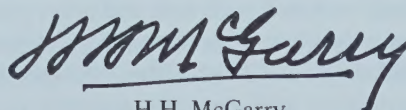
Robert Dodds Limited, Geotechnical Engineers, were appointed project managers on the 13th day of January, 1982 and as such will be in charge of finalizing the construction work.

As you know, we were hopeful last year that we would make some progress toward bringing the Louvicourt Gold Mines Inc. property into production. To date we have not been successful in doing so and in view of present market conditions, and the price of gold, it is highly improbable we will have any success in this regard this year.

On behalf of the Board,



P.C. Finlay,
Chairman



H.H. McGarry,
President

Toronto, Ontario
February 26, 1982

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BALANCE SHEET AS

ASSETS

	<u>1981</u>	<u>1980</u>
CURRENT ASSETS		
Cash and short term bank deposits	\$ 421,141	\$ 800,131
Proceeds receivable on rights offering (note 4)	716,795	
Accounts receivable	5,363	7,106
Prepaid expense	70	70
	<u>1,143,369</u>	<u>807,307</u>
INTEREST IN OTHER COMPANIES , at cost less allowance for decline in value	8,200	8,200
MINING PROPERTIES AND CLAIMS (note 2)		
Mining claims at cost and nominal value	6,306	6,306
FIXED ASSETS		
Interest in buildings and equipment, Echo Township, Ontario (note 2)	372,121	163,581
DEFERRED EXPENDITURES (notes 2 and 3)	<u>4,186,816</u>	<u>3,985,346</u>
	<u>\$5,716,812</u>	<u>\$4,970,740</u>

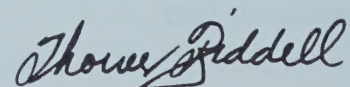
AUDITORS' REPORT

To the Shareholders of
Goldlund Mines Limited

We have examined the balance sheet of Goldlund Mines Limited as at September 30, 1981 and the statements of exploration and administrative expenditures deferred, deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at September 30, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE RIDDELL & CO.



Chartered Accountants

MINES LIMITED

(Incorporated in the laws of Ontario)

SEPTEMBER 30, 1981

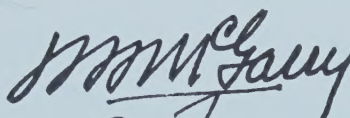
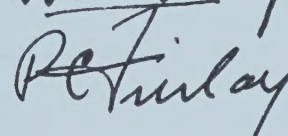
LIABILITIES

	<u>1981</u>	<u>1980</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>132,295</u>	<u>75,284</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 4)		
Authorized — 10,000,000 shares without par value		
Issued — 8,844,807 shares (8,090,286 shares in 1980)	9,124,725	8,424,161
DEFICIT	<u>3,540,208</u>	<u>3,528,705</u>
	<u>5,584,517</u>	<u>4,895,456</u>
Commitment (note 5)	<u>\$5,716,812</u>	<u>\$4,970,740</u>

Approved by the Board

 Director
 Director

NOTES TO FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 1981

1. ACCOUNTING POLICY

All exploration and administrative expenditures are deferred until production commences or the property is considered to be permanently uneconomical.

When a property is considered to be permanently uneconomical the related development and a proportionate amount of administrative expenditures are written off.

2. RECOVERY OF COSTS

The recovery of carrying values of mining claims, fixed assets and deferred exploration and administrative expenditures is dependent upon obtaining adequate financing and developing a sufficient quantity of ore of economic value.

3. DEFERRED EXPENDITURES

Expenditures made by a joint venture participant amounting to \$717,085 are not allowable to the company in computing its taxable income.

4. CAPITAL STOCK

Pursuant to an offering to shareholders of record on August 27, 1981, the company issued 754,521 shares of its capital stock for \$700,564 cash net of commissions of \$16,231.

5. COMMITMENT

The company has entered into a contract for construction of a 200 ton per day ore processing mill. The project is estimated to cost \$715,000.

GOLDLUND MINES LIMITED

STATEMENT OF EXPLORATION AND ADMINISTRATIVE EXPENDITURES DEFERRED

YEAR ENDED SEPTEMBER 30, 1981

	<u>1981</u>	<u>1980</u>
Exploration		
Echo Township, Ontario		
Board and lodging	\$ 603	\$ 116,912
Diamond drilling		371,512
Engineering and geology	5,355	124,676
Field expenses	913	913
Hoisting	948	51,754
Light, heat and power	10,328	186,391
Mine office and supervision	11,269	50,360
Professional fees and expenses	91,037	112,370
Repairs and maintenance	21,877	69,302
Sampling and assaying	62	64,090
Shaft rehabilitation	4,109	156,021
Transportation	2,827	18,270
Power line		165,289
Environmental assessment	458	35,948
Metallurgical testing		9,514
Development decline		367,414
Stope testing		95,503
Mine office expenses		26
Other expenses at the property	18,917	114,260
	<u>168,703</u>	<u>2,110,525</u>
Administrative		
Share transfer expenses	27,619	21,755
Legal, accounting and audit fees	79,633	45,575
Shareholders' information and annual meeting expenses	8,180	2,927
Directors' meetings and expenses	8,029	4,262
Interest on notes payable		848
Insurance	12,321	3,216
Stock exchange fees	1,810	16,935
Capital tax (recovery)	(968)	15,264
Miscellaneous expenses	890	6,417
	<u>137,514</u>	<u>117,199</u>
Less interest income	<u>104,747</u>	<u>184,302</u>
	<u>32,767</u>	<u>(67,103)</u>
NET EXPENDITURES FOR THE YEAR	201,470	2,043,422
BALANCE DEFERRED AT BEGINNING OF YEAR, including \$717,085 expenditures paid by a joint venture participant	<u>3,985,346</u>	<u>1,941,924</u>
BALANCE DEFERRED AT END OF YEAR	<u><u>\$4,186,816</u></u>	<u><u>\$3,985,346</u></u>

GOLDLUND MINES LIMITED

6100 - First Canadian Place
TORONTO, ONTARIO
M5X 1B1

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that the Annual Meeting of Shareholders of GOLDLUND MINES LIMITED (the Corporation) will be held on Wednesday, the 31st day of March, 1982 at the hour of 11:00 o'clock in the forenoon (Toronto Time), in Confederation Room No. 3 of the Royal York Hotel, 100 Front Street West, Toronto, Ontario, for the following purposes:

- (1) to receive the Directors' Report, Financial Statements for the year ended September 30, 1981 and the Auditors' Report thereon;
- (2) to elect directors;
- (3) to appoint Auditors and authorize the directors to fix their remuneration; and
- (4) to transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

A copy of the Reports and Financial Statements to be submitted to the Meeting or adjourned Meeting are forwarded herewith.

The board of directors has by resolution, fixed 48 hours (exclusive of Saturdays and holidays) preceding the time of the Meeting or adjourned Meeting as the time before which proxies to be used or acted upon at the Meeting or adjourned Meeting shall be deposited with the Corporation.

Shareholders who are unable to attend the Meeting are requested to sign and return the enclosed form of proxy.

DATED this 26th day of February, 1982.

By Order of the Board,

ALEXANDRA CAMPBELL

Secretary

GOLDLUND MINES LIMITED

6100 - First Canadian Place
Toronto, Ontario
M5X 1B1

INFORMATION CIRCULAR for ANNUAL MEETING OF SHAREHOLDERS to be held March 31, 1982

This Information Circular accompanies the Notice of the Annual Meeting of Shareholders of GOLDLUND MINES LIMITED (the Corporation) to be held on March 31, 1982, and is furnished in connection with the solicitation by management of the Corporation of proxies for use at said Meeting. The costs of such solicitation will be borne by the Corporation. It is planned that the solicitation will be primarily by mail but proxies may also be solicited by regular employees of the Corporation.

A proxy in the form enclosed with the Notice of Meeting may be revoked at any time in so far as it has not been exercised. In addition to revocation in any other manner permitted by law, a proxy in the form enclosed may be revoked by an instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the head office of the Corporation at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting or any adjournment thereof, and upon either of such deposits the proxy is revoked.

A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR HIM AND ON HIS BEHALF AT THE MEETING OTHER THAN THE PERSONS DESIGNATED IN THE FORM OF PROXY ENCLOSED WITH THE NOTICE OF MEETING. SUCH RIGHT MAY BE EXERCISED BY INSERTING THE NAME OF SUCH OTHER PERSON IN THE BLANK SPACE PROVIDED IN SUCH FORM OF PROXY OR BY COMPLETING ANOTHER FORM OF PROXY AND, IN EITHER CASE, DELIVERING THE COMPLETED AND EXECUTED PROXY TO THE CORPORATION NOT LESS THAN 48 HOURS (EXCLUSIVE OF SATURDAYS AND HOLIDAYS) PRECEDING THE TIME OF THE MEETING OR ANY ADJOURNMENT THEREOF.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

There are 8,844,807 shares of the Corporation outstanding, each of which entitles the registered holder to one vote at any meeting of shareholders.

Only shareholders of record on March 31, 1982, the date of the Meeting, are entitled to vote thereat.

Greenshields Ltd. owns 1,066,356 common shares being approximately 12% of the outstanding common shares.

ELECTION OF DIRECTORS

The management of the Corporation proposes to nominate the persons listed below for election as directors of the Corporation to serve until the next annual meeting of the shareholders of the Corporation or until their successors are duly elected or appointed, unless any such person is unable to act as a director, in which event a substitute may be nominated by the management of the Corporation. IT IS INTENDED THAT THE SHARES REPRESENTED BY PROXIES SOLICITED BY MANAGEMENT WILL BE VOTED IN FAVOUR OF THE ELECTION OF SUCH PERSONS AS DIRECTORS OF THE CORPORATION. Except for Finley A. Campbell, each nominee has served continuously as a Director from the time when he first became a Director and was elected to his present term of office by a vote of the shareholders at a meeting, the notice of which was accompanied by an information circular.

The statements as to the shares of the Corporation beneficially owned or over which control or direction is exercised by the nominees for election as directors hereinafter named are in each instance based upon information furnished by the person concerned.

Name of Proposed Nominee	Position with Company	Became a Director	Principal Occupation or Employment	Number of Shares of the Corporation beneficially owned, directly or indirectly or over which control or direction is exercised
L.A. Bednarz	Director	18 May, 1973	Mining Analyst, Osler, Wills Bickle Limited, Investment Dealers	1
John Campbell	Director	28 March, 1979	Secretary-Treasurer, George Campbell Limited, Contractor	2,250
F.A. Campbell	Managing Director and Director	20 May, 1981	Professor, Geology & Geophysics, University of Calgary	50,000
P.C. Finlay	Chairman and Director	3 July, 1955	Partner in the legal firm of Holden, Murdoch & Finlay	21,002
Daniel E. Gryn	Director	12 Nov., 1980	Machinist, General Motors of Canada Limited	1,600
Roy F. Hardwicke	Director	25 March 1981	President and General Manager of Peninsula Motors (Niagara Falls) Limited	12,000
D.W. Keenleyside	Vice-President and Director	5 April, 1972	Medical Doctor	35,000
J.K. McCullough	Director	9 Feb., 1977	Dentist	187,500
H.H. McGarry	President and Director	4 March, 1971	Paediatrician	132,000
G.R. McGarry	Director	26 March, 1980	Manager, The Camera Place, photographic retail sales & service	10,000
E.D. Wright	Director	30 March, 1967	Chartered Accountant	1

The Corporation is required to have and has an Audit Committee, the members of which are Messrs. Bednarz, Finlay and Wright. The Corporation does not have an Executive Committee.

REMUNERATION OF DIRECTORS AND OFFICERS

During the fiscal year ended September 30, 1981, the directors and officers of the Corporation did not receive any remuneration from the Corporation. The aggregate remuneration paid or payable by the Corporation to the five employees of the Corporation in receipt of the largest remuneration, is set out in the following table. (Note that the definition of "Senior officer" in The Securities Act, 1978 includes the five highest paid employees of a Corporation.)

NATURE OF REMUNERATION

	From Office, Employment and Employer Contributions (Aggregate)	Cost Pension Benefits (Aggregate)	Other (Aggregate)
DIRECTORS (Total Number 11)	Nil	Nil	Nil
FIVE SENIOR OFFICERS	\$36,572.00	Nil	Nil
OFFICERS WITH REMUNERATION OVER \$50,000.00	Nil	Nil	Nil

APPOINTMENT OF AUDITORS

The management of the Corporation proposes to nominate Thorne Riddell, Chartered Accountants, the present auditors of the Corporation, as auditors of the Corporation. IT IS INTENDED THAT THE SHARES REPRESENTED BY PROXIES SOLICITED BY MANAGEMENT WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF THORNE RIDDELL AS AUDITORS OF THE CORPORATION.

OTHER BUSINESS

Information contained herein is given as of February 26, 1982. The management of the Corporation knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if matters not now known to the management or any amendments or variations to matters identified in the Notice of Meeting should come before the Meeting, shares represented by proxies solicited by management will be voted on each such matter in accordance with the best judgment of the nominee voting same.

Dated February 26, 1982

GOLDLUND MINES LIMITED

STATEMENT OF DEFICIT

YEAR ENDED SEPTEMBER 30, 1981

	<u>1981</u>	<u>1980</u>
DEFICIT AT BEGINNING OF YEAR	\$3,528,705	\$3,528,023
Add increase in allowance for decline in value of interest in other companies	<u>11,503</u>	<u>682</u>
DEFICIT AT END OF YEAR	<u><u>\$3,540,208</u></u>	<u><u>\$3,528,705</u></u>

STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED SEPTEMBER 30, 1981

	<u>1981</u>	<u>1980</u>
WORKING CAPITAL DERIVED FROM		
Issue of capital Stock	<u>\$ 700,564</u>	<u>\$2,999,500</u>
WORKING CAPITAL APPLIED TO		
Exploration and administrative expenditures deferred	201,470	2,043,422
Additions to fixed assets	208,540	100,346
Advance to another company	210	682
Expenditures on behalf of Louvicourt Goldfield Corporation	11,293	
Purchase of mining claims		5,000
	<u>421,513</u>	<u>2,149,450</u>
INCREASE IN WORKING CAPITAL POSITION	279,051	850,050
WORKING CAPITAL (DEFICIENCY) AT BEGINNING OF YEAR	<u>732,023</u>	<u>(118,027)</u>
WORKING CAPITAL AT END OF YEAR	<u><u>\$1,011,074</u></u>	<u><u>\$ 732,023</u></u>

① what is head-over gold price
hydro, no debt, road

② estimate of cost plan

- plan expansion program
- ensure for current

\$500,000 more

sign a cost plan

roughly 250 a oz

- very a bit, could go
low and variable

John Dodds
consulting
engineer